

Governor's Advisory Council on Historic & Cultural Properties
3rd Meeting
May 22-23, 2006
Old Billings Masonic Temple, 2806 3rd Ave. North, Billings

9:30 Welcome and Introductions

Council Members Present: Lt. Gov. John Bohlinger, Senator Lynda Moss, Randy Hafer, Bob McCarthy, Wendy Raney, Marilyn Ross, Chris King. Public: Chere Jiusto, Christine Brown, Mel Walters, Barb Pahl, Mark Baumler, Joe Triem, Arlynn Fishbaugh, Senator Bob Hawks (Bozeman), Sarah Lawlor, Bob Lashaway, Dan Shilling, Gary Branae, Ken Soderberg, Jeff Tiberi, Anne Cossitt.

Approval of minutes from Feb. 24 meetings

Lt. Gov. asks for changes to minutes

Randy Hafer seconds the motion

Move to approve meeting minutes

All in Favor

Lt. Gov. acknowledged and introduced Barb Pahl and Dan Shilling. Chere Jiusto oriented council to information binder, which explored different major themes in funding policy for cultural resources and tools used to support preservation activities in other states. Other info provided by the National Trust for Historic Preservation, cross reference of all state programs.

Barb Pahl presented an overview of Funding Strategies for State Stewardship of Historic and Cultural Properties. There are many ways to fund preservation there just has to be a will to do it.

Common sources include annual appropriations, bonds, directed tax revenue or fees, lottery or gaming revenues, and interest allocations from state funds. Most programs fund government entities and non-profits. She gave examples of state owned and municipal buildings. Legislative appropriations can involve annual appropriations, seed programs or one time funding.

Discussion of various programs by state.

The "grand daddy" model comes from **Florida** which is an innovative special category grants program. These are competitive and only one building in each legislative district can be funded. Grants range from \$50,000 to \$250,000, and each year total to an average of \$10 million. Florida has a wealth of resources (including St. Augustine) and established a special category grant program 25 year ago. SHPO selects and legislature reviews projects, both public & private which are distributed evenly through legislative districts.

Georgia's Heritage Grant program, established in 1994, grants to anything on the National Register. The Georgia SHPO awards 20 grants annually to historic and archaeological sites; in 2002 these totaled \$500,000.

Indiana: Since 1998 has administered Hometown Indiana Grants, with a \$5 million biannual approp for local parks, forestry, historic preservation and archaeology. Of this \$1 million is dedicated to preservation and administered by SHPO.

Wyoming funded a \$5 million Cultural Trust Endowment just last year that supports history, culture, preservation projects.

Most all of these programs have required match, and use state general fund monies to fund them. Lt Gov Bohlinger noted the wisdom of spreading the funding to encourage partnerships from various constituencies.

Selected Sites Approps.

Texas -- \$50 mil approp. For courthouse

Very successful

They are going to a bond program eventually.

JB: Help me understand. Texas appropriates \$50 mil. This money will be for courthouses. Do counties have to vote on bond levy? Where does local match come from?

BP : Not sure. Could come from anywhere. It was a competitive program. Very successful. It's only for courthouses.

CJ. Notes that Texas has over 200 courthouses.

New York

Barn program, since 2000 appropriation \$2 mil annually for preservation

Gov. and member of state assembly noted that too many barns disappearing. Petaki brought bill forward to preserve barns. Very beneficial in preserving rural landscapes.

There was a movement to start a National Barn program in the Farm Bill, but never funded. New York is only state putting money into barns.

Mississippi also is preserving African American heritage. \$2.8 mill bond to preserve AA culture.

JB: Before we move into bonds. Let's talk about approps. When the MT leg. convenes and divides general fund they have a lot of depts. to fund. So many depts. all worth while. Do the states that provide an approp for preservation have good finance situation?

BP: states have good years and bad years. Many states have sustained preservation activities even when funds were low. Some states fund only when there are funds available. When you have a bond, you have a set amount of money and that stays. With appropriations it's harder to plan when funds fluctuate in the general fund.

BONDS

General Obligation bonds backed by taxing authority of issuer. This is debt.

Bonds backed by a revenue stream created by the project are funded through fees and charges to facility users.

Bob: Do they put GO bonds on the ballot?

Barb: yes

Hawks: In last legislature we couldn't get funding for a courthouse bill. Do these things have to go through a cycle of awareness? Keep bringing it back until it gets legs.

Barb: Yes. It usually takes more than one session. The off year in MT is good to build awareness.

JB: New spirit of selfishness in Billings. Saw school bonds fail, library bond fail, ball park bond failed. I don't like this aspect of the town.

Bob: People in their 30s are educated but they aren't interested in the common good. There's no other way to describe it than to call it selfishness.

Wendy: Seems like the generation is too busy for charities and community.

Randy: Ball park failed even though everyone wanted it. School bond failed even though everyone wanted money for schools. There's a certain group that always votes no. I don't believe that everybody is against everything. There's apathy, very few people vote, but people who are opposed get up early and vote No.

BP: California Heritage Fund

2002, voters passed \$267 million for Clean Air/Clean Water – the referendum didn't even mention historic preservation. Clean water/clean air was the buzz.

Marilyn: There are no young volunteers to replace the older. People are turned off to government, they don't want to be involved, so they don't vote or support any government effort.

JB: How do you develop civic interest in young people? I gave commencement at high school with a class of 23. Speech was about getting involved with community. These small communities do graduate 100 % of their kids. There is a need for people to be involved and we need to engage the kids.

Mel Walters: In Stevensville students are required to do civic work to graduate. We have a program where parents go to school and students work in town. Our Main Street association has a student on the board. We really have a lot of involvement in Stevensville.

Chris K. It's easier for smaller communities to become involved with civics.

MW: Last school bond was voted down, but principals and teachers still work with kids.

JB: A year ago my granddaughter graduated, she was one of 700. It's too easy for students to fall through the cracks. Better than 10% fail to graduate.

BP: If you decide that bonds are the way to go you have to decide if there will be a good turn out. California billed it as environment. Expand the constituent base.

LM: We make the assumption that young people share the values of the older generation. Skate parks are a great success. Young people gravitate to cool places. We need to be mindful of how we connect to young people. There has to be a certain angle and I think the environment is a critical component.

BM: Lynda makes a good point. Environment is the buzz word. There are ways to talk about things positively. You have to put the right spin on it.

BP: Rhode Island put out an enormous bond package. It worked, but will take years to pay off. In 2002 and '04 voters approved bond issues for grant program; \$4M awarded to 59 props. Still GO bonds paid off by revenue from General fund.

Mississippi: In 2002 \$5.5M in bonds for preservation and restoration of historic courthouses, schools, other properties in CLGs.

Nevada: In 1991 Nevada Commission for Cultural Affairs issued \$3M in GO bonds per year.

Bob: How did they fund Virginia-Nevada City restoration? It was terrible but now it has so much money and is so much better.

BP: Don't know.

New Jersey issued revenue bonds; \$6 mil annually for 10 years – Garden State Pres. Trust. Focus was farmland protection. Provides \$98M annual for preservation of parks, natural lands, farms. Bonds repaid through state sales tax.

Arkansas: Real Estate Transfer tax

\$2.20 on every thousand dollars on the conveyance of real property that is more than \$100. Managed by Arkansas Natural and Cult Res. Council; 80% for preservation, 10% for parks and tourism, 10% for Main Street program. AK is only state that did include funding for Main Street in catch all package.

JB: The real estate transfer tax has surfaced repeatedly over the last 12 years at the legislature. I was on the tax committee for 12 years and saw an attempt to impose a real estate tax several times. So I've seen a few fire storms in 12 years. I don't know of a group that is better organized against a real estate tax. It would be very tough to try to get a real estate tax. I would say, this may not work. We have a better chance at a general

sales tax, which is saying something. But the Governor says we're not going to raise taxes too.

BP: In Kansas they do have a 1 cent tax on every 26 cents collected from mortgage registration fees. Fund capped at \$100K. Since 1990, \$10M awarded to projects. State properties are not eligible.

Bob Hawks: Out of state property owners pay property taxes but not income taxes. This is something to think about in terms of a real estate transfer tax.

BP: In Vermont they have a Conservation Trust Fund. Again, Historic Preservation issue didn't carry the program. It was funded by real estate transfer tax. Other states have a real estate recording fee. In Connecticut, the fee generates \$25M a year for 4 programs. Funds for historic preservation come through the CT housing Finance Auth., Dept. of Environmental Protection, and Dept. of Agriculture.

JB: In MT, we tried to create affordable housing trust fund through clerk and recorders fees. The fee would raise funds to provide low-income housing. I thought it was a great idea, but again it didn't get support.

BP: CTs program funds the statewide non-profit org. in Maryland and has multiple sources of funding. For historic preservation and cultural museums, there are \$1.1M in grants awarded to private and public orgs. The funding comes from approps, proceeds from resale or lease of properties originally acquired by the Trust from MHT fund or the grant fund, private gifts, or proceeds from sale.

Mass. Comm. Pres. Trust Fund

Funded by 3% surcharge on property deeds or liens, through private donations, and state approps. The funds are distributed through statutory formula.

PA Keystone Historic Preservation Grant Program

Created in 1993 it uses revenue from voter approved bonds and from portion of the state realty transfer tax. The bonds were retired after 3 years; funding now comes from real estate transfer tax. The real estate transfer tax also used to maintain and rehab state owned historic sites

Gaming Tax Revenue

Colorado State Historical Fund

In 1990 the voters approved a constitutional amendment to allow limited stakes gaming in 3 historic mining towns. The Trust opposed the program because it destroyed landmark communities. 28% of the tax goes to historic preservation.

JB: In 2003, we brought a bill to increase gaming tax from 15 to 30%. The gamblers are tougher than realtors. I wasn't able to get the bill out of committee.

BP: Colorado gaming tax is only 8%. They fended out any other communities and kept competition at bay. The Fund is generating \$15M a year for distribution. Now CO Historical Society gets operating funds.

JB: A Citizens initiative may work. But legislators are not going to get a gaming tax through the legislature. The people of MT might think it makes sense if the community was behind it. There should be some flexibility.

BM: Good point. People generally don't think like that. Gambling, saloon keepers are stronger in legislature.

Sharon: Many people thought gambling tax would fund education. People don't understand that it doesn't.

BP: The Deadwood Fund, SD is funded by proceeds from gaming tax, license fees, application fees, and net proceeds from five-cent slots, \$400,000 available annually for historic preservation.

Lottery Funds

Arizona State Parks board gets \$10M a year. 17% is distributed for a competitive grant process to local, regional, and statewide preservation projects.

JB: State lottery sold as education fund for teachers fund, but after the fact it just goes into the general fund.

BP: Colorado created citizens group who took back lottery funds for environment.

Oregon: Preserving Oregon Grants

\$250,000 in lottery funds, supports rehab of NR props

Delaware Preservation Fund is a revolving fund with \$250,000, matched by grants from 2 private foundations. They added an additional \$250,000 in 2005. The money can be used for acquisitions, loans, and easements. Nice to have money for easements.

CJ: How is money matched by the 2 foundations?

BP: Not sure, it is in the binder info. We can find out why foundations wanted to match. Not sure if this would work in MT.

Mississippi Landmark Grant Program

Abandoned Prop. Fund provided interest earned on \$10M; estimated \$500,000 available annually. Colorado does this too. Worth checking out who knows about abandoned prop in MT. Possibly in the Revenue Dept.

License Plate fees

Idaho – plate fee once every 7 years, \$1 per vehicle. Fee paid by everyone who owns car.

Michigan Lighthouse plate program gets \$25 from sale of each plate, annual grants range from \$12K to \$66K.

JB: This is something to consider in MT.

New Hampshire Conservation Plate generates \$30 from sale of each, grouped many causes together for conservation.

Other examples . . .

Florida, Charity racing Day. Provides money for Historical Resources Operating Trust Fund. Also, has matching grants for historic preservation from funds derived through licensing fictitious names for businesses, approximately \$1.5 mil a year.

At the end of the day, it's about finding a way to do this. There's a great need, a wealth of places, and there's not enough funds to go around. It's about deciding what will work here, and being willing to go back every two years to get something through the legislature.

JB: Thanks for that wonderful presentation.

Let's look at Virginia City. Here's a resource that is in grave need of repair, and has a meager source of funding.

Bob Hawks: Observation. Given JB's history, we should not worry about past efforts and move ahead with what we think will work. I'm a resident of Bozeman, and I look at the bonding record of the two cities. Bozeman rarely votes down a bond issue. My observation is that you can not underestimate what political winds are blowing. We are usually surrounded by like thinking people. You hear rhetoric used to keep them in office. It feeds on itself. Get involved with people who don't have negative thinking. I think attitudes will change.

Bob M: I think Bozeman is now a college town. The problems in Billings are the same in Kalispell, Hamilton, Western MT.

Mel Walters: With regard to interest in historic preservation I put up a map on the wall next to my desk and put a pin on the map for communities interested in Main Street. There are 34 interested now, 6 are already designated. Butte, Stevensville, etc., and Polson, Anaconda, Red Lodge now pilot programs. Main Street done by self raised funds before the program was funded by state. Excitement is there.

LM: Conversations are going on in many communities, small towns, and urban centers. Seven sister cities in MT. Foundations for new conversation for Main St. opportunities. For the first time we have the opportunity to work ahead of the curve, to participate in growth of communities. Part of that is change in economy from traditional extraction and agriculture. These industries are still important, but the new economy is health care, service, architecture, construction. These new economies have given us the opportunity for increased revenue so that communities can think carefully about growth. There's the

opportunity with this council to connect dots and celebrate history of MT. I want to thank the Governor's Office for allowing us to talk about this and move forward with engaging audiences in our communities.

Joe Triem: Mentions a controlled maintenance trust fund. Barb could you explain that fund.

BP: Not familiar with that fund. C & D election in fall. Limited amount of money that state could keep. Made it hard to deal with obligations. Dollars for state-owned maintenance are not good.

Joe. My understanding is that it was similar to our long range building program. It's something that we have in place, but we need to explore expanding the funds for state owned buildings.

Marilyn: I come from a fast exploding real estate market in Twin Bridges, There is a real fear among community over development, how land is being divided and developed. My point is that even though realtors have heavy influence in legislature, but in community they don't have that pull. I can't imagine that it would not pass in my community because locals are so concerned over development.

JB: I think we should explore that option. We just need to organize.

CJ: Momentum idea. From our prospective there's so much need out there for historic preservation funding, we get so many requests. The only pot of money is federal dollars and I believe that at some level MT understands this. Everyone agrees about the awareness of history and its importance. We need a way to address this concern. We witness a real shift in the way that people think about history in the last 20 years. We now have data that shows that art and preservation pays for itself. Heritage tourism is such a booming industry. Most people are aware now that history can raise money, attract tourism, etc.

Arni: Cultural and Aesthetic trust is best place to go for money.

Hawks: We have to keep in mind that there is a capacity limit to bonding programs.

Arni: There is a precedent on bonding for historic preservation in MT. Virginia City was half funded by bond funding.

BM: If we can cause public to focus on real projects, instead of amorphous history, so that people can see a project finished, then I think it will work. They'll support it.

JB: The cyanide heat leach mining issue got huge sums of money to oppose the issue from a citizen's initiative. It might work to get a tax or a bond program for historic preservation if citizens rally for it. But what about tax credits?

BP: Many states have these programs. Mostly for private owners. It is a powerful incentive to encourage private investments. Nothing wrong with layering a state credit on top of what MT already has.

JB: This is a conversation to have with Dan Bucks and David Uwer. It's not a free program, it will cost.

BP: There are ways to do it.

JB: Any more comments on Barb's overview. Dan Shilling, welcome.

Dan Shilling, Sharlot Hall Museum, Prescott, Arizona; author of *The Poetry & Politics of Place* about the importance of civic tourism. He is now in White Sulphur finishing his latest book. He presented at the National Conference on Civic Tourism in March. There was much interest and 8 people from Montana came. He comes from the Civic engagement world.

Why aren't we investing in culture? We know it works. It gives people sense of pride in their place. I got into cultural heritage tourism 15 years ago. Why aren't we investing in programs that work?

What makes a place special? It's what attracts people. We know that culture, heritage, and environment attract people.

I used to talk about Win-Win but now the term has been hijacked. Similar to the term "Eco" attached to tourism. It's the tourism that destroys resources (green washing). "Heritage" that reinforces stereotypes, "preservation" that creates cartoon streets (boutique towns).

Misplaced Priorities

"more" at the expense of better
"use" at the expense of preservation
"superficial" at the expense of "authentic"

Show me the money

"marketing" at the expense of "product"
"surface" at the expense of "substance"

Partnership Tactics

Serve on Boards, Museums, Friends programs, Conferences, Provide information, joint projects, heritage trainings, assist with lobbying.

Fragmentation: There's no Tourism Industry. How do we have dedicated concentrated investment in tourism if everything is splintered up. That's what Civic Tourism tries to address.

Four Principles of Civic Tourism

Integrate the Story

Place: the Story of cultural, natural, built environment

Orgs, don't work together.

Set your own table, don't wait to be invited.

"Experience" not "Projects" appeal to those who want to learn about a place.

We're selling experience. What is the experience of Billings? It's easy to get that "Ah-Ha" at the Grand Canyon, but not in other places. You have to create a way for people to get that experience. Make it more obvious.

We need a society to match our scenery – Wallace Stegner

People are seeking working vacations. Creating a connection to a place so that people will come back to see how their work is coming along.

When we talk about tourism offices we talk about tourism budgets. Budgets should be higher. We're lobbying in Arizona to teach that there is no equivalent investment. Who gets to stay what Red Lodge's tourism attraction is? Usually the chamber director. It should be a larger decision. Where is the product development now? Usually scattered. There's no coordinated vision. Fewer tourism programs. Few long term opportunities. It's especially difficult for rural communities.

"Your task is not to plan but to reveal" Benton MacKaye. Reveal the pride specific to your community. Unique, distinctive, market niche. Make what's already there part of the tourism attraction.

R&D for Place

It's very difficult with all the competing agendas, and very little money to do it. Conceptual, Financial, and marketing.

Does place serve tourism or does tourism serve place?

Tourism – No. 1 industry world. We have to get away from just talking about money. McDonalds at the bottom of the Grand Canyon would make money, but would it be appropriate? No. Most people would agree.

Tourism industry can ruin towns. It's a bad word in some places because of the way that tourism degrades the sense of place. People do care about history and culture in their town, but they get nervous about how tourism can bastardize towns. As much as any industry, tourism must think beyond economics. In Arizona, tourism is 20% of state budget. Tourism does not operate in a vacuum. Very social industry. Needs to invest in environment (natural and built).

Why hasn't the tourism/place conversation happened? Tourism and Place, often leave Public out of the conversation. States ignore tourism at their peril. Tons of research shows that engaging public helps communities build places they want to live in.

What's different about Civic Tourism? No books say how to talk to public about tourism. Pros and Cons have love-hate among public. Civic tourism is trying to move beyond arguing to workable solutions.

Cities with strong historic preservation programs have strongest economies.

"If you build a healthy community for people who live there, you'll attract tourists".

Deliberation – Partnerships – Action.

There is a need to be transparent in what you're doing. Cities must evaluate

- Economic Development

- Environmental Protection

- Social Conditions

Action

- Reframe tourism

- Create funding mechanisms

- Design Label

Tourism is a young industry. Tourism isn't going away. Must be addressed in order for communities to grow. How will it be managed? It can't be ignored. Problems with tourism towns is their talk about how to serve tourists, not about how they will serve residents. Can't alienate residents. All this has to lead somewhere. No more reports that sit on shelves. Need a promise of action.

Encouraging signs

- Tourism taught at the university level

- Includes sociological, environmental, and cultural studies

- New Development theories

 - Creative economy, neutral capitalism

 - Asset based CSR – sustainability, eco-efficiency

 - New urbanism, holistic planning

Done right, this can be the strongest factor shaping our communities for the better.

Tourism is not a boutique industry. Economic performance reports not cutting it. Need bottom line reporting. Helps connect to the public. Create funding mechanisms

Tourism can be the leading force for transforming our communities.

Get Tourism out of the Chamber of Commerce

Why not put it in the historical society if history and heritage is your asset? Something to think about.

Prescott is the epitome of civic tourism.

Why aren't people getting out and volunteering, giving, in their communities. Because they have to know the story of the place. Then they care. The more people know about their place, history, then they'll want to participate in it. They'll give back. It's a concept, but the notion of sense of place as a tourism product is a way to attract tourism. When you overlay it with economic development you risk comprising the sense of place. So, there's a way to do but it has to be balanced in order to preserve the place. They're doing it in Africa. In the Serengeti. Bushman saw that there culture and place was threatened by outsiders/tourists. They took charge of it. It's about Lobbying. Citizens have to lobby. Little old ladies can sell tourism just as well as lobbyists.

JB: Thank you Dan Shilling for excellent presentation. I'm certain that what you have said will produce a lot of questions. As we look at the afternoons agenda, I hope we can have time to ask questions about this.

Bob: Bisbee was great, but Tombstone was horrible. What did Bisbee do? Bisbee is a lot like Butte, but smaller. Old miners take people on real mine tours.

Dan: Bisbee is an authentic town. It has location challenges. It's a long drive. Museum is in old Phelps/Dodge office. Great restaurants. Museum got together with local biz. To have Bisbee town pass. One package. How do you get the pass to the right people. Once they figured it out, then they saw more tourism.

Sen. Hawk: Arizona and Montana have Sonoran Institute. Sense of place focus. Outside party helps us gain a sense of place. Have they been effective in AZ in pulling that idea together? Can we put that together in MT.

Dan: They now recognize that the market can be their best ally. You're right. Ireland's Culture and heritage division is great. They know their product. Building community for people who live there.

Mel Walters: Notes that Spain has that character. Something like what Spain is doing may work in MT.

Dan: Its not about tourism, it's about place. Tourists will come back. Tourism is not just outdoors, hiking, parks, etc. People are looking for culture. Want to feel a part of it.

12:40 Adjourn for lunch

1:30 Call to order

Chere: State of funding in MT

Wonderful to have people from agencies here. To bring different ideas to the table. The goal for this afternoon and into tomorrow now that we have this foundation of funding programs can lead us into understanding what we're doing in MT. Knitting together everything we've learned and talk tomorrow about how these ideas can become

recommendations that the council will bring forward. Formulate initiatives that can be brought to the legislature or to the community.

Gary Branae – Long Range Building Program Committee Member

Interesting for him because he's an At-Large member of the finance committee, though he's not involved with senate finance or claims. The committee usually deals with taxation issues. Learned a lot of different ways of looking at things. Ended up on long range building committee, very interested in historic & cultural preservation. Lives in an older home, and loves it. But often put off maintenance due to cost, and think that's where the state is today. Need to address problems for buildings today, state has struggled with need for revenue for this, and repairs to state buildings have moved down on priority list. 1995 there was effort to address deferred maintenance, lots of categories. Passed in 1995 but never implemented, so now looking at backlog of deferred maintenance, about \$200 million. It's not a situation that can be resolved quickly, it will take awhile.

Members of subcommittee spoke last week, looking at a solution. Commitment from Gov's budget office of \$30 million, strong definite commitment. So how best to use this one-time money? Thinking it might be best to establish a trust, earnings from the trust to address the problem into the future.

Other ideas include when new buildings are completed, there be a 1 – 2% appropriation to be set aside in the Trust to address future building maintenance needs. Perhaps a sq ft rental charge to agencies that use state buildings, to be set aside could be put in Trust so that earnings continue to grow.

Issues that came up include when Trust is established, it can't be taken back in future. Perhaps make it a constitutionally-protected trust. Some believe that some state buildings should be sold, and not continue to be state responsibility. How will trust be governed? Would legislature set priorities, or would A&E have authority? Could other funds be brought into the trust, from the coal tax? It's a work in progress, their recommendations go to the interim finance committee, then to the legislature and debated there.

Most encouraged that people recognize there is a problem and that we should do something about it.

Bob H: Does the subcommittee believe that a trust could be established large enough to address the need?

Gary: Funds would be substantial and over time would grow.

Chris: Like the idea of trust but might not generate enough money to the level needed.

Gary: Bond issue or other tools could supplement to help address the large need for projects.

Randy: Like the idea to put a 1-2% in place.

Gary: The 1995 legislation said -2% may be put in place, perhaps change it to require.

Mark Baumler, MT SHPO

I want to talk about how we do our work and how we are funded.

Handout: Program budget (we're an agency within MHS)

Chart 1: Almost 90% of funding for the SHPO comes to state through the federal Historic Preservation Fund. The fund dates to the establishment of the National Historic Preservation Act of 1966. Fund gets \$\$ from offshore oil leases, but has never been funded to the level authorized by the original act. It's about half funded. Last year it was funded at about \$75 million, and it goes out to Preserve America programs, Save America's Treasures grants, THPOs, and black colleges & universities. \$38 million goes to SHPOs, on a formula based upon a guarantee along with allocation based on population. Other funding comes from State General Fund, BLM and Natural Resource Conservation Service. Also funds to support private owner NR listings come from MT Land Title Association. We also generate a little revenue from photocopying charges.

Chart 2: Personnel salaries comprise the largest portion of the budget. We are one of the smaller state programs, having one staff person for each program area. Along with support from data manager and administrative asst. By law SHPO must regrant a minimum of 10% to local governments participating in the CLG program. We do a bit better, of the fed funds we spend 14 or 15% on regrants to local governments (about 12% of total budget).

There is a database at UM supported for antiquities database, students in that office manage the records for SHPO. Small grant to MPA supports workshops, training. And indirect charge paid to MHS for administrative support.

Required to have a 40% match from state to the federal funding. Primary match comes from CLG program. They greatly overmatch the funding they get, each community gets \$5,500 but in return they match from 50% to 100% or more. Additional match from the university and MPA. So SHPO leverages with about \$430,000 match in allowable activities, which are defined as directly related to historic preservation activities.

This varies state to state. What stands out in Montana is the dominance of federal dollars and the small contribution of the state to the funding. We have the absolute lowest level of state funding in dollars in the nation. And as a result we have overwhelming reliance on the local governments for the match. This is funding that they cannot show as match to other federal grants, and SHPO is grateful for their support that way.

Federal tax credit program. Impacts in Montana: In FY05, \$4.3 million investment in historic building rehab, which amounts to \$850,000 of tax credits. The state credit is 25% of the fed credit, and it's assumed that everyone does it. That would equal \$70,000 in state credits.

The one property that the MHS does manage, the OGM in Helena. The operating cost is \$80,000 per year, about \$35,000 from bed tax, \$9,000 from general fund through MHS operating budget, \$20,000 from general services for grounds maintenance, \$16,000 raised by non-profit board, and through private donations. Current restoration needs are about \$120,000 that they don't have. The overall need for the building to complete restoration is about \$800,000.

Are CLG subgrants divided equally between programs. One at 1500, others at 5500 the requirement that they have at least a half-time preservation officer.

Where do CLGs derive their match? Salary for preservation officer, local government funds.

Jeff Tiberi: Future of the Past

Operating environment

Set up as an experiment to preserve history in VC. Have to manage maintenance, collections, visitor services, education and interpretation, archeology, volunteers. No museum or historic site earns enough money or has enough funds. Most have government assistance or a wealthy benefactor.

VC is #5 most visited tourist attraction in MT

Struggle with: Properties belongs to all of MT.

Have more than 1,000,000 items/artifacts

Numbers of interest

Original price was \$6.5 mil, current value is 30 mil, 10% increase per year.

Saved staff dollars with volunteers, maintenance program uses state and federal dollars.

Preservation program is mostly federal dollars. Archaeology is totally federal dollars.

Financial picture.

Funding /expenditures, mostly grant funding, then tax, and revenue.

Expenditures – building preservation, operations and mgmt, maintenance, and artifact mgmt major. Education, fundraising, marketing, visitor services too small, need to spend more. Earned revenue increasing well over 5 years since 1998. Percent is now leveling off. Break down of steam locomotive hurt revenue in 2005.

VC resort tax 1993-2005—Steady

Projected budget – loose NPS grant at end of this year and bed tax this year 2006

What will happen is revenue will start dropping because we won't be able to maintain the buildings. Expenditures equal Revenues.

Next year, looking at \$1.3 million deficit, we'll have to scale back significantly.

Currently we take our funding and multiply it 4-5 times over. In future, we need to define what the state wants, needs. Hope to continue: Maintenance, preservation, collections, visitor services, education & interpretation, archaeology. In 2 years we have found over 35,000 artifacts underground.

Cost to continue programs exceeds \$2,000,000. Need to invest, collection considered in poor condition during last assessment.

Why continue: resort tax generates \$2 million, multiply that by 3 and you are seeing \$6 million generated in the economy annually.

Next year, restaurant coming in, Chinese food with wok and posters from China.

Job Creation: Use of non-state dollars help Montana and community.

Building Boom: there are 6 new houses, remember there are only 120 residents. There was a continual decline in the community prior to State ownership. Baby boom – 3 new babies last year!

Private sector: Tamarack center concept

Attracts Artists to MT Including S African and German artist along with American artists. VC helps to attract visitors from across the world, draw people out of YNP. Vigilante Trail a cultural tourism trail through VC and the region.

MTRII says VC is 5th attraction in MT.

Filming location: Little Big Man, Missouri Breaks, Frontier House, the most watched series on PBS.

MT's Theater town – 5 different live shows going in summer.

Saves our history, keeps stories alive, incubates history- based businesses

There is common ground to bring together promotion-business with cultural preservation.

Ignites business creativity: Slade book, ghost walk tours, Harvard University (owned the dredge that mined Alder Gulch, now the Gordon) ½ billion in that endowment.

Reproduction company – could be successful, create Montana jobs, would require investment and someone to head it up. Educational Laboratory – have been working on this as a side effort, much like Yellowstone Institute.

Largest Collection of Western Americana outside of the Smithsonian Institution. It's a world-class collection, Cody has made a wonderful example, we haven't made the investment to put ourselves on equal footing.

Arni Fishbaugh: What is the annual visitor number in VC?

JT: Annual visitation between 70,000 -100,000. Last time measured in 1997.

JB: Are there regular presentations/tours on the history there? They do schedule tours by arrangement, one year you arranged a Frontier House theme tour, it's a good idea.

LM: Are there model historic sites that would provide strategic ideas?

JT: Last commission meeting we discussed this, focused upon Williamsburg and other sites we might learn from. Columbia, California, etc. Have not made a concerted effort to investigate.

BP: Williamsburg a unique situation, with Rockefeller as a benefactor. It did take 20 years, even with that support to make Williamsburg sustainable. Both are open, but at Williamsburg you have to purchase a ticket. Visitation has dropped off all over since 911, so actually it's bucking the trend. VC needs to cultivate the visitor experience to be on a level with others of this caliber.

AF: MAC administers the MT C&A Trust. The corpus is around \$8 million, funded through coal tax, annual for grants \$800,000 – \$1.5 million. Capital expenditures are part of this, where we see most preservation going on under special projects.

Quote from guidelines: Acquisitions of collections, historic preservation, renovation of cultural facilities...

From 1998 on, people have done many things, roofs, toilets, work in historic preservation. Arts orgs in historic buildings, and little orgs like Belt Public Library, Arlee Historical Society. Arts orgs around the state include about 400 nonprofit groups. Almost all are in historic buildings, there have been very few new cultural facilities built. Sometimes additions like YAC or Missoula Children's Theater. Most are historic buildings needing work just like the state. We work closely with all the groups around the state, and there is an enormous need for historic preservation funding that can be used for capital expenditures for the buildings.

Started in 1976, non grants given for first 3- years to enable building up of fund. Handled through the MHS, in 1983 moved to MAC. In first biennium, 800,000 available total. Need greater than what is requested, but tailor the requests to the available funding. Committee has looked favorably on capital expenditures perhaps than some other categories.

The \$800,000 upcoming for this biennium is about half what it has been, directly tied to the interest rates. It's a program that's odd, unlike any other in country. 16 member board (8 MAC, 8 MHS appointed) that makes recommendations for funding. Then each comes before a legislative committee, a critical process that educates the legislators.

Capital Expenditures match is 3:1, can be cash or in-kind.

When we look to other models, for historic preservation grant programs, might consider the MT Cultural Trust. It exists, has a process, greater chance to protect the funding, highly respected by legislature, proves its value over & over again. The legislature supports the professionalism of the program.

MHS provides advisory council, historic architects on the MCT board. Cultural Trust grants leverage \$9-\$12 for every \$1 allocated. Around \$375,000 in allocations made for historic preservation over the years.

LM: With the list of organizations housed in cultural properties, do you have a total on what the deferred maintenance need is?

JT: The TIP Grant, each year gets \$2 million in requests but only has \$200,000 in funding available.

AF: Usually there is \$4 requested for \$1 available. We only allocate 25% to capital projects. The applicants are always reasonable in their requests because they know they can't get it.

JB: Could bring forward a request to session to replace the VC funding being sunsetted. Can we discuss with David Ewer, he is sympathetic.

Will net loss be replaced with other funding? What are the hopes? In the past this has been earmarked money, So now we would be in general funded programs. So every session, would have to return to legislature and budget process for funding.

JT: Eliminating the earmark, leaves more \$\$ for tourism promotion. Efforts were made to pass permanent funding, but made it 6 years.

JB: Who was chair at that time? Bob Story. It's important to develop a response as a council, this should be a high priority. This is a critical need, and everyone understands that we took it on as an important part of our early history. This can not be left to an uncertain future.

It's a \$6.5 million investment, and worth \$30 million now. It was a good investment but it needs maintenance funding or the investment will erode. We've got to have a response.

LM: How does this ripple down into our local communities? It's also our task to look at this larger question before us.

Ann Cossitt – Montana Heritage Commission Board T

To me it's mind-boggling that we may lose the bed tax funding, and most of the funding in the past has been Congressional. This may change and there is a huge need still to address.

BM: This is most heartwarming discussion we've heard all day, it means so much to have this kind of support for our efforts. There is no way to take on a project like this and have 5 year goals, by having just a 2 year appropriation.

JB: We should appoint a subcommittee to work on a proposal to have a statement from this committee for the Governor and the Govs budget director?

MR: It's important to do this and do it right away. We need to be firm in our support and in taking an action on what we hope to see.

RH: Can we fold this into the context of the whole package we are doing here, working on tomorrow? Make it a discreet piece of our total recommendations that we come out with?

WR: I agree that we make this a part of the whole package.

JB: FEMA meetings tomorrow on impact of potential flu pan epidemic. I will be opening that meeting at 7 am until mid-morning. Co-Chair Moss will run the Gov Council meeting in my absence. Then in the afternoon I'm flying to Havre for St Mary's Canal Rehab project, irrigating 130,000 acres farmland on Hi Line and municipalities from Havre to Glasgow. Failing and international joint commission (US, Canada) determining how water supply is shared, delivering position paper there.

Lt. Governor John Bohlinger introduces Ken Soderberg

Ken Soderberg, MT State Parks, Visitor Services Bureau Chief
State Parks division funding picture and needs in the division. Parks manages 50 sites, from Flathead Lake to historic & cultural sites. Ft Owen; Museum at Plenty Coups; Ulm Pishkun interpretive center; Bannack where the collection is the buildings and the artifacts. Also manage 320 fishing access sites throughout MT, they maintain them. Community recreation programs include snowmobile grooming in the extensive trail system, OH vehicle program, recreation trails like bicycling & skiing, and Land & Water Conservation Fund (LWCF).

LWCF was developed due to dwindling resources, every community in MT has LWCF in them. Since this program is declining, other states have developed programs to fill the need, ie Hometown Indiana.

50 Sites: From Makoshika to Granite. 1,750,000 visitors each year, generating \$81 million economic impact from non-residents.

Most popular activities, #1 learning about MT history. Also, fishing, boating, picnicking, camping.

FWP Priorities: Site Maintenance

Resource Protection – collections at Bannack, Plenty Coups, acreage protection

New Director Joe Maurier, cited cultural resource manager staff position as a priority to assist the regions in collections management, management plans, etc.

Visitor Satisfaction

JB: With \$81 million economic impact, generating 46 dollars per day? Can this be supported?

Ken: Accommodations, gifts, food, supplies, these are significant. Comes out of MTRII data.

Visitor satisfaction: health & safety, education & interpretation is a growing part of the program. Prior to L&C at places such as Headwaters have added staff and better interpretation. Giving the place and community a renewed sense of ownership in site. Increasing interpretation in parks across the state is the key to emphasizing the value of parks to public. 111,000 people participated in special events last year, including schools that use the parks as outdoor classrooms.

Resident vs. Non-resident Visitation for a variety of reasons.

1988 Non res 51% res 49%

2005 Non res 22% res 78%

Mel: Interpretive efforts have helped bring residents in, draws in the local community. More and more people are visiting Fort Owen.

Barb: Who tracks the resident data?

KS: In state info comes from student intern that conducts visitor data collection in regions each year, checking license plates.

BP: How did you research the top reasons for people to visit parks?

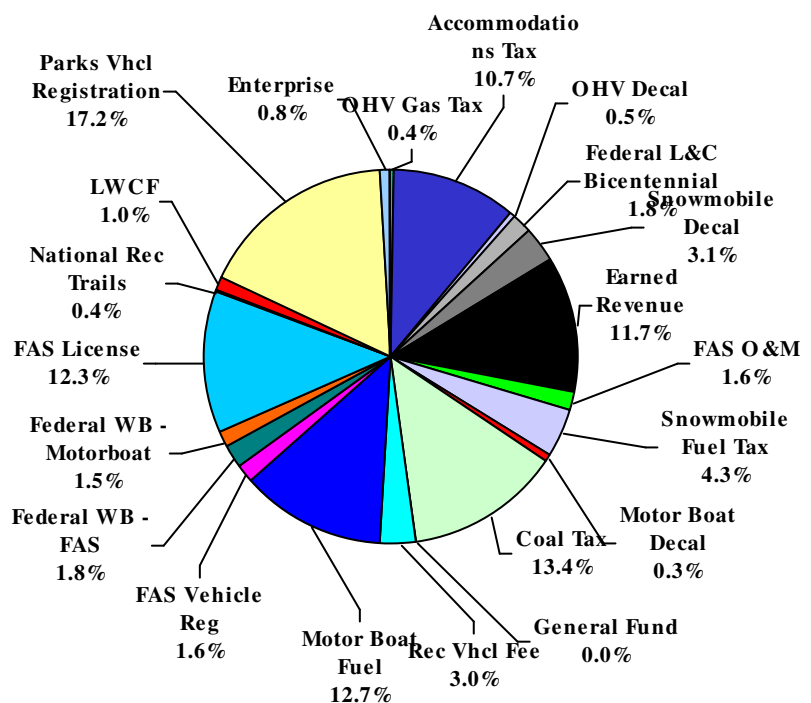
KS: We did a SWAT analysis, sources of data, and extrapolating from national trends.

Sarah Lawlor: What are the visitation numbers?

KS: They were 1.2 million now at 1.7 million. Ken believes that this reflects in part more resident visitors. MT is above average for numbers of state parks managed in our western region. Visitor

satisfaction surveyed within last 5 years, 65% very satisfied with staff, although not always with facilities.

FWP receives funding from 18 different sources. The State Parks Program receives 70% of the



funding, followed by FAS with 17%, and recreation with 13%.

6.5% of the bed tax money is set aside for maintenance. In 2005, expenditures outpaced revenue by more than \$100,000.

Issues Facing the Parks program: Aging infrastructure continues as a challenge, increasing visitation as people discover MT and our parks, balancing resource protection and use so we have a balance. We see that we have changing visitor demands as we monitor this through visitor comment cards. Marketing, what are visitor expectations, what image do we want to have, and how do we stay aware.

JB: Does any state park have more out of state than in state visitors?

KS: Don't have that info, Probably Tongue River, Makoshika, etc.

Programming – originally designed for smaller vehicles, staying up with new RVs,
Marketing – in addition to finding ways to get people in, communicates values and benefits of parks system to Montanans, important to community and fabric of Montana.

Preservation and Protection Needs Requested by Managers for 2007

•Lions Camp – historic renovation to building	\$200,000
•Wildhorse Island – stabilize existing house and barn	\$50,000
•Fort Owen – acquire adjacent 1-2 acres for parking	\$10,000
•Granite – restoration on Supervisor's House	\$20,000
•Fort Owen – interpretation; parking; irrigation; site reconstruction	\$400,000
•Anaconda Stack – latrine at viewing area	\$30,000
•Traveler's Rest –Property Acquisition	\$1,200,000
•Traveler's Rest – Property Acquisition	\$500,000
•Bannack – plasterwork in the Mead Hotel	\$150,000
•Bannack – Property Acquisition	\$200,000
•Bannack – garage at manager's residence	\$60,000
•Bannack – Rehab Hendrick's Mine	\$125,000
•Bannack – building stabilization	\$500,000
•Bannack – remodel State House into park admin. office	\$200,000
•Bannack – bury all remaining overhead powerlines	\$80,000
•Giant Springs – rehab old concrete bridges	\$250,000
•Rosebud Battlefield – stabilize/upgrade Kobold House	\$100,000
•Makoshika – acquire Lion's Camp (1/4 section with buildings)	<u>\$350,000</u>
	\$4,425,000

Bannack, literally has millions in needs, this will be the FWP priority in the next session.

For requested outside grants, state will need to provide match. For such grants as SAT, which FWP applied to for Meade Hotel.

Ann Cossitt: Question for all: O&M comes up, deferred maintenance. Reflecting on an experience in recent years, federal government efforts to identify capital facilities and means to maintain them. So all is planned to avoid piecemeal management approach. NPS attempting to set the priorities, rather than crisis response. The Gov Council effort seems to mirror this effort but on a state level. If there were a state level recommendation for a project that could have lifecycle cost planning, and calculate costs for meeting ongoing needs into the future.

JB: State of MT – It's a result of inadequate funding, now funding education by robbing maintenance, etc.

Sarah Lawlor- Travel Montana

Gov challenged us to provide business plan for tourism in the state.

Who are our visitors? 10.2 million non-residents visited. Governor challenged to break 10 million mark by 2005, they did it.

Every 4 years, a non-resident survey through MTRII;

Asked what was primary attraction. Outdoor recreation: YNP, GNP, Mountains, open space, Wildlife/fish, family/friends.

What were top activities while here? Driving, wildlife, hiking, historic sites, museums, L&C.

Visitation trends: numbers growing, but goal is not just to see number increase. Strategic plan calls for attracting the low impact- high value visitor. Non-resident generated over \$2 billion.

Without a sales tax, how do you know? Non-resident/resident Survey asks for breakout in spending by visitors each day. Close to 17,000 people were surveyed at gas stations, airports, then follow up by mail. MTRII Still working with the numbers to project impacts.

10.2 million visitors, spent over \$2 billion, supported 39,150 MT jobs, total impact \$2.74 billion in 2004, generated \$140 million in state and local tax revenue.

Longwood's International of Canada

\$50 visitor spending for every \$1 spent.

\$3.50 in state and local taxes for every \$1 in promotion

Longwood's just worked for Colorado, showing heritage visitors spending more than average visitors to state.

BM: Curious to me, when in 2003 session proposed to raise accommodations tax from 4 to 5%, why was this opposed by Travel MT. Was it put into general fund?

SL: Yes. We see that burdens the hoteliers, but this doesn't cost any more to collect it.

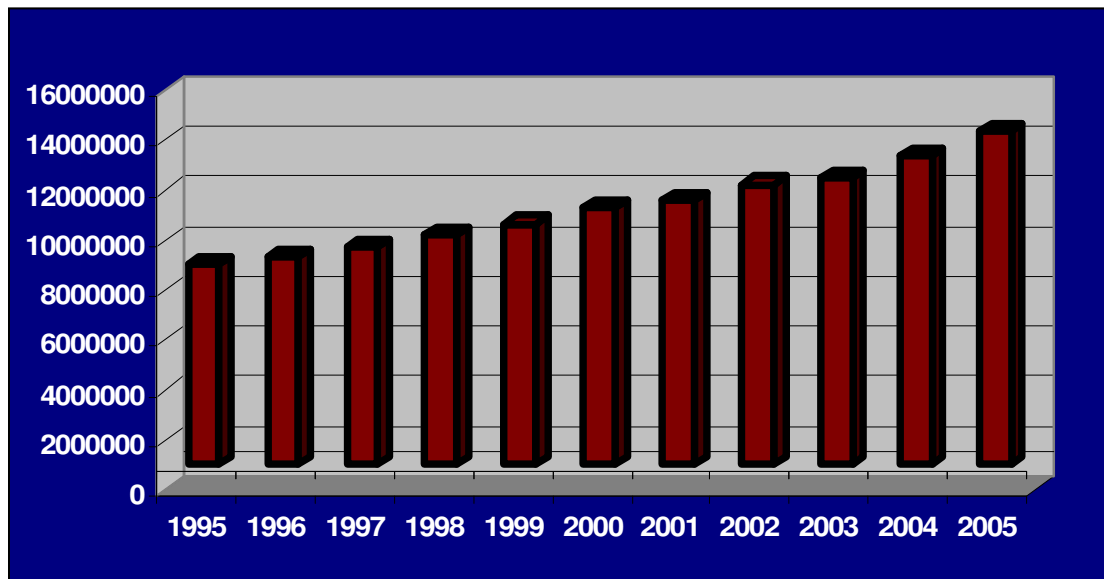
BM: Where's the burden?

SL: The burden is that they can't raise their rates, since they have to accommodate the tax increase.

This would have supplemented education and human services, would they rather pay this instead of having tourists help with this cost.

SL: The generated revenue from the promotional funding is 1:50, 1:3.50 so we help build the tax coffers for the entire state.

Tourism Bed Tax Collections, 1995-2005



SL: Increasing \$½ to \$1 million each year over last 6 years, that's a lot of money.

FY 2006

Projected Tax \$13,763,521

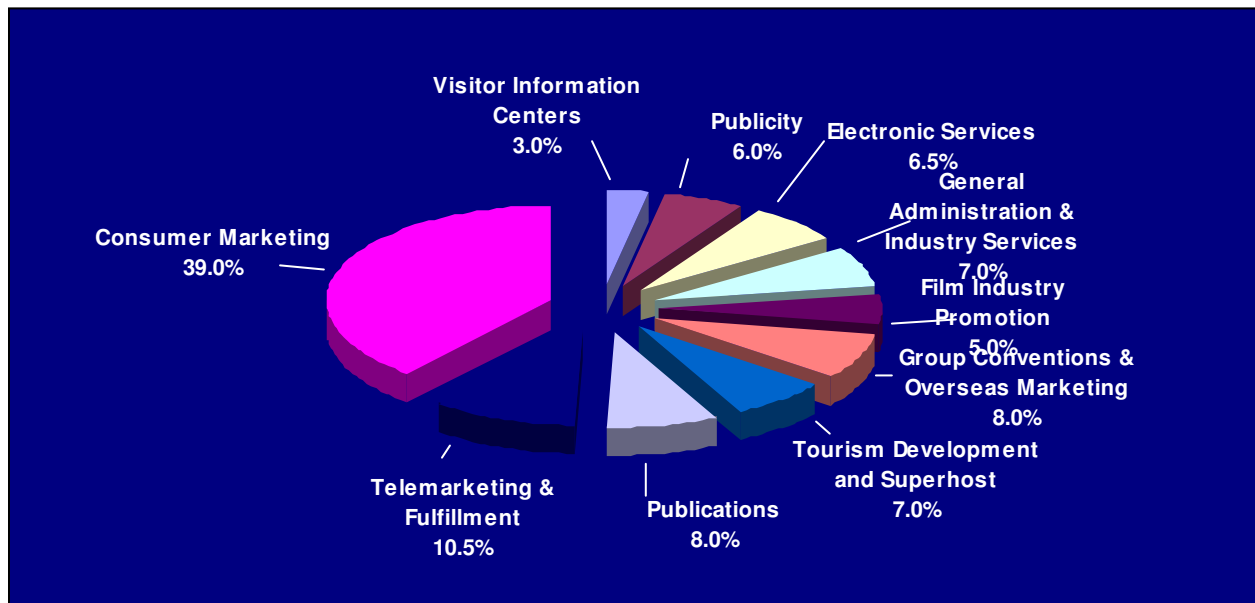
All programs subtracted

Leaving \$8,806,698 each year for Travel MT

With outside revenue and other allocations (determined in HB2)

Total Funds Available \$8,369,200

How is \$8.37 distributed among travel MT/film office programs



But pie much bigger, so more dollars, but have to adjust for inflation, so maybe altogether it's down.

Gov Schwietzer has challenged all to come together to have a unified plan. Our position, not to be the enemy, but to recognize that all can bring an economic development benefit. Administration receptive to joint position. TAC meeting in June invites all in this room to bring funding needs, and hope to create coordinated plan, culminating in summit in Fall to present position to Governor.

Grant Programs through Travel MT:
 Tourism infrastructure Investment Program (TIIP)
 Special Event Grant Program (SEGP)

TIIP Created 1995, Victor oversees. Of 49 projects, 39 were cultural or historic. \$1.7 of the total \$2.2 million over the lifetime of the program.

- 49 "Brick & Mortar" Projects
- 33 Montana Communities

- \$2.2 million tourism “bed tax” invested
- > \$29 million in tourism projects assisted

Special Event Grant Program

At community level, \$301,000 supporting 44 new events in 32 MT communities.

Examples . . .

- The Countess Trail Ride, Daly Mansion, Hamilton
- An Ri Ra (MT Irish Festival), & Uptown Butte Arts & Heritage Revival Grand Finale, Butte (2 events)
- Art & Jazz on Broadway, Historic Philipsburg
- Fur Trade Symposium, Fort Benton
- Music in Makoshika (State Park), Glendive

Low & No Cost Marketing:

MT Superhost training & tourism education

Next year Governors conference in Helena April 2-3.

Statewide: Travel MT, Institute for Tourism & Recreational Research.

On website: Niche uses pulls out data on specific activities such as arts, fishing, etc.

Annual report: describes the program.

BP: Survey of residents? Travel habits of in-state residents also done, ITRR analyzing this still.

JB: How are Tourism Infrastructure grants awarded? Who makes final decision? The TAC reviews the applications and recommends to Director Priete. He makes final approval.

BH: That’s assuming there is regional representation on the TAC review committee?

SL: There may be a list on our website, but I don’t know for sure.

JB: Wondering where was our rep, since \$24,000 Moss Mansion in 1999 that funding came to Billings.

SL: With special events grants get points for low income, etc to use this as economic stimulant. Special events 1:1 match, TIIP 2:1 match.

JT: We’re all interested in history, but also we fight history. Systems based upon ag mining and forestry. And in today’s world, infrastructure isn’t there to support tourism as a top industry.

CJ: What’s the discussion in TAC about need for infrastructure and product support?

SL: It is an ongoing discussion, and they do support the notion of raising funds for infrastructure but especially concerned about eroding promotional dollars. While \$8 million looks like a lot, we rank 35th in the nation in funding for promotion. We are looking to keep pace with others.

KS: The last tourism conference did good job of highlighting heritage resources. Through that there is recognition of the significance of heritage tourism. The idea is out there.

JB: So let's open up the conversation on the 3% solution.

WR: Who circulated the 3% solution idea:

CJ: We did. We looked at the 3% and came up with creative ideas for what the council could look at.

This accommodations tax really was the work of the League of Cities and Towns, but in the end it went to the tourism industry. We are here to support those things that can't support themselves.

If a 3% option were developed, it would free up funds within the 4% for the marketing & promotion.

But first, I think we need to let Bob Lashaway give his discussion before we go further.

Bob Lashaway, U of M Facilities

Respectfully, I disagree with Jeff Tiberi. While universities are based in a traditional past, they prepare students for the world market.

U system comprises 55% of all state square footage. System has some % of state-owned heritage properties, and there is some reasonable deferred maintenance. Some uses have changed. Hamilton Hall (formerly women's dorm, now ROTC, admissions) MT Hall occupied by administrators and bats.

Overall funding: facilities require about 2.5 – 4% replacement value annually for long term maintenance. That funding comes from the Long Range Building Fund. About 1% through HB2 for maintaining facilities on campuses. About 12% of U budget spent each year on facilities, but much of that is utilities, etc.

Some large institutions can attract renovation funds through research grants, predominantly federal dollars.

Facilities condition inventory. Go through 1 building a month, have 36 major facilities, so it's a 3 year process. Overall, 8% of current replacement value needed for deferred maintenance.

National Standard. 0-5% good, 5-10 fair, over 10% poor

Most historic facilities fall into 2.5%

Facilities condition inventory, they are not greatest deferred maintenance liability. The buildings of the 1950s-70s industry experimenting with less permanent building approaches, figuring they would be retired eventually. But still in use, they are demanding.

Also, lab buildings and others more complex systems than in MT hall for example.

Several choices

Targeted funding, join a consortium, join a worthy effort like the LRBP

The LRBP has been working hard to develop a mechanism to fund the deferred maintenance needs, facing challenges to meet backlog. Will need a critical mass to achieve that, and concern that the effort not be hijacked by another strong interest. Need a group of partners. Group also would not want this to turn into a historic preservation fund either. We need a balance.

At our ag stations some buildings are occupied, and some just don't have a use. The council's desire to affect interest in historic preservation and funding of state-owned properties. Is that a mechanism for preserving? Might there be a way to measure the stimulus from a particular project?

Bob Hawks: Wasn't the interest on the par of MSU to preserve the buildings?

BL: The mission of the Ag stations is not to preserve buildings. As their funding diminishes, it is to deal with old building. They become a low priority. Buildings not occupied, such as Red Bluff Stage Stop, are leftover. There are buildings not in continued use but have value, ie Virginia City. Then others courthouses, institutions represent a range of need. The structure still integral to delivery of service do get attention just due to the fact that someone in them every day, others like VC have champion, others just remote or overlooked that have less support.

Bob Hawks: Doesn't the U have a responsibility to maintain buildings even if it is not an ag building? If the U owns a building, how do they deal with it?

BL: They investigated putting it on the market, but I don't really have an answer.

MB: Perhaps there is a way to review how agencies consider deferred maintenance, can't make preservation primary focus. Infrastructure, rehab, new stuff, all needed.

Long range building program land acquisition, new buildings, major maintenance and 2-3 other categories, used to have a maintenance component until 1997. Had to submit a 3 biennia plan out 6 years ahead. But was never funded, and still had to promote the highest priority need. Since it didn't work it was eliminated.

From a maintenance standpoint it would have been good to fund this rather than eliminate the planning. From university match can be more.

MSU sciences bldg required a match, unusual at that time, but that's the way universities have gone. Well maintained facilities can contribute to recruitment of students, condition and type of enhanced recruitment. So preservation and maintenance of the historic buildings can be a good strategy for that goal.

Can there be a tax credit to be developed to stimulate investment in state-owned properties. Or

Capitol complex, a good example of how state invested in good renovation, can the impact and stimulus be gauged?

BM: Red Bluff Stage Stop seems to fall through the cracks. MHC asked to be involved. But left with impression it would interfere with operations of Ag Station. How do we begin to deal with collective responsibility?

BL: Ag station mission not a historic one. They have whole property which was a historic mining settlement. Dealing with the structure falls to the bottom of priority list. Unlike Billings property, this one had no connection to historic operations on site. Several years ago, we put up some materials, worked with Jim Whaley to get roof on building.

MB: Problems due to ongoing use of MSU as ag station.
Desire to move ag station across the road to the south. Rebuilt damaged structures, moved some of those things across the road.

BL: It is an ag program decision, an appeal to ag station and director would be first place to approach. Make the case for an obligation, dates back to the acquisition when unsuspecting the historic nature of the significance of the site.

Jeff Tiberi

Caroleen from Boulder, encouraged look at Boulder campus. There would be no question in some other places, Ireland, etc, that these places could be saved.

3% solution

This idea takes those on the product side and helps them better manage that side for experience of those who visit here. Need to calculate how to replace that 3% in the general fund. It's a total of \$11.5 million that would be diverted.

Budget for Travel MT would increase almost \$2 million, which would add to their ability to leverage promotion dollars to generate state and local funding.

The legislature could have the opportunity to come back and fine tune during sessions. But it gives the opportunity for upward growth –

JB: How would revenue be returned? Direct return to general fund? If we take 1\$1.5M out of general fund, would have to show how it brought funding back through generating economic activities in job creation, etc. How could that be tracked?

Individual entities that would be recipients, would need to demonstrate the return.

Gasoline, retail, other industries all benefit.

Other ideas, bad to end on 13 partners, maybe add ZOO Montana. Have received bed tax in past, now they are struggling. If bonds are issued, could not this \$\$ help to pay off bonds? Could a portion of the revenue go to bond reduction?

This \$\$ would increase every year, just like the 4%, so there could be funds to reduce bond debt.

People who can match might be rewarded in next round of allocation? Could have a formula to make this fair.

General fund money is available right now, but that won't always be the case. So this would perhaps be an answer.

When introduced a bill for an 8% bed tax in 2003, national average bed tax was 12%.

University system was 2% , well this needs lots of work.

Would this be General Fund or Bed Tax? Accommodations.

So not just a \$25 million appropriation.

Maybe we need a mechanism for getting legislative input on how to appropriate.

MW: Within MT Main Street, we are setting up data tracking on a monthly basis, not so hard to do rather than wait until end of year.

But concerned using economic return as a factor in measuring what to support. that improvements such as façade enhancement might not show direct, immediate return but long range its important.

Like Dan's triple bottom line today, to look overall at how this helps the people of Montana across the state.

JB: I like the idea of providing money to all of these partners across the state that would benefit from reallocation of these funds. Can get a buy in from various legislators across the state. Early on, once a 3% solution is finely tuned, we need to include Governors budget director in the conversation. His job is to be very protective of general fund money. We are seeing growth and a larger pie, so perhaps there's more flexibility. But David Ewer must be included.

BM: David can see into the future,

JB: Replacement of \$11 million in general fund might be accomplished under strong budget. Governor has position against an increase in taxes, so long as economy grows he might consider a reallocation of funds. But David Ewer is key person to have conversation with.

Wendy: If Travel MT budget increases, this puts more pressure on infrastructure. So how much money would this be out of the \$11 million, knowing that more partners would likely jump on board for part of that funding?

JB: We need to define how much money would go to the various entities?

WR: Additionally, what would be the increased demand upon them given increased promotion?

BM: Asks what is Red Bluff?

CJ: Explains location and historical significance.

JB: Adjourn until tomorrow at 8 am.

May 23rd Meeting

CTA Architects Conference Room

LM: Today we will discuss our scope of responsibility and define a set of properties to embrace with recommendations to expand that in the futures to encompass non-profits. The MT Cultural Trust could be a perfect vehicle since they are already under the LRBP committee.

MW: Main Street programs are formed as non-profits.

LM: We need a broad policy statement with a framework for making decisions; rational for setting priorities.

JB: The list is a framework to consider. I am comfortable with working on entire list.

Bob Hawks: This will go to finance committee at legislature.

LM: We can look at short term, i.e. 2007; mid-range, how to interface with the non-profit public; and the long-range which would look at policy to encourage preservation in general.

BP: The state has been piecemealing for years; now we're looking to create a rational system, a comprehensive framework for looking at state assets regardless of who owns them.

JB: Having broad base approach will help gain partners, offer something for every community.

MB: We need to point out that there is a hole there, not artificial; SHPO deals with moving back & forth between work with a variety of owners.

All agree that the council needs to look at all options. The council moves to consider both policy strategies and funding strategies.

The council then started with the presumption that historic buildings have value & preferred course of action is preservation. They want to adopt a triple bottom line that includes:

- Economic development
- Social conditions
- Environmental protection

The policies need to empower local government bonding authority.

AF: There is a cap on the mills a county can levy. Can we look at policy at changing so that counties can increase the mills without having to go to election?

JB: Was it constitutional or statutory?

Will Hammerquist: As commissioners might want to

Chris King: Most counties are maxed

Bob M: to levy additional mills or bonds it must go to a vote. This could encourage counties to assess the 2 mills to support cultural institutions/historic properties (if they are below the cap).

If legislation allowed creation of cultural districts, it could politically be supported and would have to be a permissive levy to allow self-imposed increase.

CJ: pointed out that MT does have some precedent with the property tax abatement law

BP: perhaps we could go through and identify what mechanisms MT currently does have

Mel: We could encourage local communities to follow Main Street approach to downtown revitalization.

KS: this could help create and maintain a state-owned inventory

WR: Should we address life-cycle costing as Anne Cossitt brought up?

Joe Triem: We do some of that now at A & E

BP: Shall we add condition assessments?

JT: Most are doing condition assessments now. The university system, DOA, military affairs, etc. We do need to encourage state agencies to conduct condition inventories and to provide stewardship.

Antiquities Act Discussion

Is there need for a state 106 process? We already have one, but need to also use the Section 110 process.

Barb Pahl explains to the Council the details of Section 110.

JB: Thoughts on funding strategies. States the need to recognize our ambitious plan will require funding.

1. Must remember Governor's commitments to live within our means and not raise taxes (i.e. so state sales tax not an option, but he might be open to local option taxes depending on how it was presented).
2. 3% solution should be presented acknowledging the 11 million would need to be replaced in general fund. That \$11 million would ultimately have pay back to state.
3. When we build new properties there will be 1 or 2% added cost to help fund preservation efforts.

Conversations start with the Governor and Budget director, then present ideas to legislature. Campaign already in full swing, need to get them on the team when they are candidates running. Start building relationships, Sept-Oct.

Chere and Will related conversation with David Ewer to the Council.

JB: This is another idea to explore – tax

Maine created community partnerships, got a one-time appropriation to put in place then came back next session and got funding.

On OTO money: One big sinkhole –under funded retirement and can't associate FTEs so Main Street will remain an OTO-funded project.

AF: Asks JB – These non-profit arts organizations have been putting into tax base for years, might Governor look at that? These arts/culture groups are attributes that contribute to the local economies for years.

JB: put good data and project into it how increase could plan to see further revenue as a way of investing it and anticipating great returns, i.e. the 11 million gets repaid by creating business opportunity.

LM: following our Governor's interest in innovative energy, etc. this could be a way to add to cultural trust to support historic preservation, to build coffer into the future.

JB: with this additional production, look for additional funding from coal severance tax. Otter Creek Coal – state owns and stands to make a lot of revenue.

OTO: Bannack -- 1.3 million
Main Street --
VC/NC – 3 million

Enabling legislation: Local option sales tax could work – allows for local decision making the tourism taxes at several towns used already.

BP: Could be used to repay bonds.

JT: If the long range building program is fully funded state buildings could go off the list.

WH: Probably most undercapitalized fund in the state govt. We need to recognize the stress on that fund in the report. There's a \$200 million backlog and its only funded at \$2.5 million a year for a \$1.1 billion building stock.

JT: recommending 1% to 1.25% million from HB2 O & M be reinvested annually somewhere between \$11 and 17 million annually.

JB: Does this include abandoned buildings?

JT: The \$1.1 billion reflects insured buildings from tort claims

JB: How likely is it that the state would sell building per interim LRBP committee thinking?

John Bohlinger and Will Hammerquist depart.

BP: What's missing? Encouragement of State Stewardship of Historic Buildings

BM: Well all agencies need to have same policy for starters on management and stewardship of heritage properties. Public agencies don't have the faintest idea of how to manage, market, and sell property.

Support SHPO ensure adequate resources to encourage local districts.

What about schools? -- districts have control

Butte has a policy – RFP process taking info from interested parties

Historic Property review committee – We need a Donovan Rypkema in Montana

Provision: State is invested in buildings when sold will have maximum return

Tourism members should include: 50% product and 50% promotion

Add to Gary's proposal: \$10 million to \$30 million for LRBP subcommittee recommendation.

RH: Funding for feasibility studies

KS: We need \$\$ for state acquisition

LM: That could be part of forward thinking. In the instance of major acquisition/restoration funding needs, there's no other state agency funding to use.

Partners

Discussion of list of partners – see list in report

Opposition?

Making the case. What about that this is about education? Draw them into partnership? Maybe we could have a booth at MEA conference, talk with Eric Feaver. \$11 million could be perceived to threaten parts of general revenue.

AF: Unique opportunity – this stuff happens every single time. Lobbying force of tourism presents great opportunity through broad coalition with that industry.

LM: Process has been more inclusive, exciting than I every imagined. Can we put this info into a matrix? Can we prioritize strategies from the list?

Discussion of Main Street: Could conduct economic benefit study on impact of Main Street. What we know so far.

NEXT STEPS

1. Synthesize economic benefit studies
2. Calendar of Meetings
3. Prepare PowerPoint
4. Draft Matrix, circulate by June 6
5. Plan a press event/communications strategy. Have Lt. Gov. give speech and release report. Put on Gov's office website.

Media exposure. Create a media event? When report is done, we could gather partners, Governor to sign press conference.

3% solution – emphasize things that will appeal locally. Preserve the "view".
Get grass roots people to story tell

Tourism Advisory Council meeting: Sarah Jane – letter from Mike Strobel
Chere reports on press on Sarah as an intern?

Other meetings. May have tribal economic development mini-conference in Billings.

Adjourn